

## Message Text

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14

ACTION OES-05

INFO OCT-01 EUR-12 ISO-00 COME-00 EB-07 /025 W

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R 121450Z JAN 76

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 9413

UNCLAS PRAGUE 0077

E.O. 11652: N/A

TAGS: EIND, CZ

SUBJ: PATENTS IN CENTRALLY PLANNED ECONOMIES IN EUROPE

REF: 75 STATE 292238, PRAGUE 0074

1. BEGIN SUMMARY: KEY OFFICIAL IN CZECHOSLOVAK GOVERNMENT RESPONSIBLE FOR LICENSING OF INDUSTRIAL PROPERTY RIGHTS EXPRESSED KEEN INTEREST IN PROPOSED DELEGATION OF U.S. GOVERNMENT AND PRIVATE LICENSING OFFICIALS DURING SPRING OF THIS YEAR. BEFORE EMBASSY FORMALLY PRESENTS AIDE-MEMOIRE (STATE 292238) ON DELEGATION VISIT TO CZECHOSLOVAK GOVERNMENT, OFFICIAL ADVISED US TO OBTAIN LIST OF PROPOSED MEMBERS FOR PRESENTATION AT SAME TIME, SINCE COMPOSITION OF DELEGATION (PROPORTION OF GOVERNMENT TO PRIVATE MEMBERS) APPARENTLY WILL BE TAKEN INTO CONSIDERATION BY CZECHS IN ACCEPTING DELEGATION. ACCORDINGLY, COMMERCE IS REQUESTED TO PROVIDE EMBASSY WITH TENTATIVE LIST OF MEMBERS WITH TITLES OF PROPOSED DELEGATION BY COB JANUARY 14, IF POSSIBLE. END SUMMARY.

2. EMBOFF CONTACTED ING. MIROSLAV HNIZDO, CHIEF, LICENSING SECTION, FEDERAL MINISTRY OF TECHNOLOGY AND INVESTMENT DEVELOPMENT (FMTID), SHORTLY AFTER HOLIDAYS TO DISCUSS PROPOSED VISIT OF DELEGATION OF U.S. GOVERNMENT AND PRIVATE LICENSING EXPERTS TO CZECHOSLOVAKIA DURING SPRING OF THIS YEAR AND TO INQUIRE TO WHOM IN CZECHOSLOVAK GOVERNMENT AIDE-MEMOIRE (REFTEL 292238) SHOULD BE ADDRESSED. ING. HNIZDO, WELL-RESPECTED BY EMBASSY AS SOURCE OF INFORMATION AND ADVICE IN THIS AREA, FELT THAT AIDE-MEMOIRE WOULD BEST BE DELIVERED TO DEPUTY MINISTER (DR.) ANTONIN MRAZEK AT FMTID, UNCLASSIFIED

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HIGHEST RANKING OFFICIAL WITHIN GOVERNMENT FOR TECHNICAL

DEVELOPMENT AND INVESTMENT, I.E., TECHNOLOGY TRANSFER.

3. ING. HNIZDO EXPRESSED KEEN INTEREST IN VISIT OF PROPOSED DELEGATION PARTICULARLY AT THIS TIME WHEN CZECHOSLOVAK GOVERNMENT WAS LOOKING FOR SOME INITIATIVE ON PART OF U.S. GOVERNMENT AND INDUSTRY IN TRADE SPHERE. IT WAS NO SECRET, HNIZDO SAID, THAT STATE PLAN CALLED FOR MASSIVE INFUSIONS OF ADVANCED TECHNOLOGY INTO MOST AREAS OF CZECHOSLOVAK INDUSTRY IN COMING YEARS, AND ALTHOUGH U.S. WAS GENERALLY CONSIDERED TO BE A PRIME SOURCE FOR SUCH TECHNOLOGY, CURRENT POLICY RESTRAINTS STEMMING PRIMARILY FROM PROVISIONS OF TRADE ACT OF 1974, BOTH AS THEY RELATED TO EAST-WEST TRADE IN GENERAL AND CZECHOSLOVAKIA IN PARTICULAR, HAD MADE CZECHOSLOVAK PRODUCTION MANAGERS CHARY OF APPROACHING FOREIGN TRADE APPARATUS FOR INVESTIGATION OF THIS MARKET.

4. HE CAUTIONED, HOWEVER, THAT DELEGATION COMPOSED PRIMARILY OF -- OR EVEN MAJORITY OF WHOSE MEMBERS WERE -- PATENT ATTORNEYS OR PRIVATE AGENCIES WHOSE SOLE FUNCTION WAS TO ACT AS INTERMEDIARIES IN LICENSE TRANSACTIONS WOULD BE LESS THAN WELCOME. HE STRESSED THAT PROSPECTIVE CZECHOSLOVAK PURCHASERS OF LICENSES WOULD BE MAINLY INTERESTED IN DEALING DIRECTLY WITH LICENSE HOLDERS IN U.S. RATHER THAN WITH INTERMEDIARIES WHOSE INVOLVEMENT IN SUCH ARRANGEMENTS "ALWAYS RESULTED IN HIGHER FEES." (COMMENT: THIS IS SAME LINE EMBASSY HAS BEEN HEARING FROM OFFICIALS OF A NUMBER OF FOREIGN TRADE ORGANIZATIONS RECENTLY, I.E., THAT FTO'S NOW MUCH PREFER, NOT TO SAY INSIST ON, DEALING DIRECTLY WITH SUPPLIERS IN THE U.S. RATHER THAN THROUGH THIRD-COUNTRY AGENTS IN EUROPE. PRESUMABLY THIS POLICY REFLECTS INCREASED GOVERNMENT CONCERN OVER ADVERSE TREND IN HARD CURRENCY BALANCE OF PAYMENTS AND ITS DESIRE TO ECONOMIZE IN EVERY WAY POSSIBLE, INCLUDING CUTTING OUT COMMERCIAL TRANSACTIONS WITH WESTERN FIRMS AND AGENTS CONSIDERED TO BE "TEN-PERCENTERS".) ING. HNIZDO ASSURED EMBOFF THAT FIRST QUESTION DEPMIN MRAZEK WOULD ASK BEFORE AGREEING TO RECEIVE PROPOSEDD DELEGATION WOULD CONCERN CHARACTER OF ITS MEMBERSHIP. EMBOFF RESPONDED THAT DELEGATION WOULD PROBABLY BE COMPRISED OF MEMBERS VERY SIMILAR TO THOSE WHO WENT TO MOSCOW IN 1973 AND WHOSE NAMES AND TITLES APPEARED IN PUBLICATION UNCLASSIFIED

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IN "US/USSR TECHNOLOGY AND PATENTS - SALE AND LICENSE PROSPECTS", (COPY OF WHICH WAS GIVEN TO HNIZDO), BUT HE COULD NOT BE SURE.

5. ACCORDINGLY, EMBASSY WOULD BE GRATEFUL FOR TENTATIVE LIST OF MEMBERS OF PROPOSED DELEGATION TO PROVIDE TO ING. HNIZDO AT SAME TIME AIDE-MEMOIRE IS DELIVERED TO DEPMIN MRAZEK -- IF POSSIBLE BY COB JANUARY 14.

ACCORDING TO HNIZDO, MRAZEK WILL RETURN FROM ABROAD ON OR ABOUT THAT DATE.

6. FOR OUR PART, EMBASSY VERY PLEASED WITH PROSPECT OF DELEGATION LED BY COMMERCE ASSISTANT SECRETARY ANCKER-JOHNSON AND WILL DO EVERYTHING POSSIBLE TO INSURE THAT DISCUSSIONS IN PRAGUE ON KEY ISSUE OF INDUSTRIAL PROPERTY RIGHTS AND THEIR LICENSING WILL BE USEFUL AND PRODUCTIVE. PERRY

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